

ARGUS CORPORATION LIMITED

10 TORONTO STREET, TORONTO, CANADA M5C 2B7

SEMI-ANNUAL REPORT

June 28, 1974.

TO THE SHAREHOLDERS OF

ARGUS CORPORATION LIMITED

Your directors present the balance sheet as at May 31, 1974, the statement of income and expenses and the statement of source and application of funds for the six months' period ended on that date. Also shown are comparative figures for the previous year.

In order to conform with current accounting practice, the balance sheet shows for the first time the Corporation's investments carried at market values. Also shown is a provision for the deferred income taxes that would be payable under the hypothetical assumption that the Corporation's investments were sold at the market prices which prevailed on May 31, 1974 and on May 31, 1973 for the comparative statement. In our opinion, such a provision is not a definitive figure. There also appears for the first time an account under Capital and Surplus entitled, "Unrealized gain on investments" estimated at \$85,847,404 at May 31, 1974 and \$107,319,135 at May 31, 1973.

As at May 31, 1974, the indicated net asset value of each of the Corporation's Class C shares and common shares was \$18.98 per share, compared with \$20.32 per share as at May 31, 1973. It should be noted that in arriving at such asset values provision has been made for the deferred income taxes on capital gains referred to above.

Income from investments during the period amounted to \$5,954,291 compared to \$2,996,634 in the corresponding period last year. Expenses (including interest of \$275,000) were \$439,812 compared to \$418,488 (including interest of \$275,000) for the same period in the previous year. Net income amounted to \$5,460,079 compared with \$2,578,146 for the six months ended May 31, 1973 (55.3¢ compared with 21.2¢ per Class C and common share). The increase in net income in the latest period resulted mainly from higher dividend payments by Domtar Limited and Massey-Ferguson Limited and increased earnings on the Corporation's short-term investments. Earned surplus amounted to \$47,106,849 at May 31, 1974.

In addition to the regular dividends on the Corporation's Class A and Class B Preference Shares, dividends totalling 52.5¢ per share (including an extra of 30¢) were paid on the Class C and the common shares during the period.

At their meeting this month, your Board of Directors declared the regular quarterly dividends of 15¢ per share payable September 2, 1974 and extra dividends of 30¢ per share on the Corporation's Class C and common shares payable on the same date.

Since November 30, 1973, 1,015 Class A Preference Shares \$2.50 Series and 1,434 Class A Preference Shares \$2.60 Series were purchased and cancelled.

In recent months increases in annual dividend rates on the common shares held by your Corporation were announced as follows: British Columbia Forest Products Limited from 60¢ to 80¢ per share, Domtar Limited from \$1.00 to \$1.40 per share and Standard Broadcasting Corporation Limited from 40¢ to 50¢ per share. Dominion Stores Limited has also declared an extra dividend of 10¢ per common share.

It is with deep sorrow that your directors report the death in March 1974 of Mr. T. N. Beaupré, who had been a member of your Corporation's Board of Directors for many years and was also Chairman and President of Domtar Limited. Mr. Beaupré's long and devoted service to your Corporation and its affiliated companies will be greatly missed.

Mr. Dixon S. Chant, Chairman of the Board and President, Duplate Canada Limited, was elected a director of the Corporation to fill the vacancy on the Board.

Shareholders, on request, will receive copies of the annual reports of the companies which comprise the Corporation's major investments.

Submitted on behalf of the Board,

JOHN A. McDOUGALD,
Chairman and President.

A. BRUCE MATTHEWS,
Executive Vice-President.

A R G U S C O R P O R A T I O N L I M I T E D

BALANCE SHEET—MAY 31, 1974

(with comparative figures at May 31, 1973)

ASSETS	1974	1973
INVESTMENTS IN COMMON SHARES:		
Securities at quoted market value (Notes 1 and 2)	\$199,156,669	\$222,637,225
Cost—		
May 31, 1974—\$102,444,617		
May 31, 1973—\$102,518,442		
CASH IN BANKS	88,160	74,053
SHORT-TERM SECURITIES, at cost plus accrued interest	12,616,157	2,043,179
CASH SURRENDER VALUE OF LIFE INSURANCE POLICIES	478,850	466,350
OTHER ASSETS	163,085	148,966
HEAD OFFICE PREMISES—land, building and furnishings, at nominal value.	1	1
	<u>\$212,502,922</u>	<u>\$225,369,774</u>

LIABILITIES

DIVIDENDS PAYABLE	\$ 1,269,530	\$ 634,769
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	86,177	70,531
INCOME AND CAPITAL TAXES PAYABLE	35,710	—
5½% SECURED NOTES SERIES C, due November 1, 1975	10,000,000	10,000,000
DEFERRED INCOME TAXES (Note 1)	10,864,648	12,799,648
CAPITAL AND SURPLUS:		
Capital stock (Notes 3 and 4)—		
Number of shares		
Authorized Issued		
291,780	Class A Preference—	
	\$2.50 Series	\$ 5,636,400 \$ 5,751,900
	\$2.60 Series	8,952,600 9,090,950
1,000,000	Class B Preference—	
	Cumulative, 1962 Series (\$2.70 dividend)	15,000,000 15,000,000
6,770,944 6,770,944	Class C Participating Non-Voting Preference	21,644,825 21,644,825
10,000,000 1,692,736	Common	5,411,206 5,411,206
		<u>56,645,031 56,898,881</u>
Contributed surplus, realized on purchase for cancellation of Preference Shares (including \$44,114 arising during the six months ended May 31, 1974)	647,573	560,161
Earned surplus	47,106,849	37,086,649
Unrealized gain on investments (Note 1)	85,847,404	107,319,135
	<u>190,246,857</u>	<u>201,864,826</u>
	<u>\$212,502,922</u>	<u>\$225,369,774</u>

APPROVED ON BEHALF OF THE BOARD:

JOHN A. McDOUGALD, Director

A. BRUCE MATTHEWS, Director

ARGUS CORPORATION LIMITED

STATEMENT OF INVESTMENTS AS AT MAY 31, 1974 (with comparative figures as at May 31, 1973)

Company	1974				1973	
	Class of shares	Number of shares	Percentage of outstanding shares	Indicated market value (Note 2)	Number of shares	Indicated market value (Note 2)
British Columbia Forest Products Limited.....	Common	500,000	6.6	\$ 8,250,000	1,000,000	\$ 16,125,000
Dominion Stores Limited....	Common	2,000,000	23.9	29,500,000	2,000,000	28,500,000
Domtar Limited.....	Common	2,500,000	16.9	61,250,000	2,500,000	48,750,000
Hollinger Mines Limited....	Common	1,030,000	20.9	31,672,500	1,000,000	44,125,000
Massey-Ferguson Limited...	Common	2,850,000	15.6	46,312,500	2,850,000	55,575,000
Standard Broadcasting Corporation Limited.....	Common	2,687,475	47.7	22,171,669	2,687,475	29,562,225
				<u>\$199,156,669</u>		<u>\$222,637,225</u>

AUDITORS' REPORT

To the Directors of

ARGUS CORPORATION LIMITED:

We have examined the balance sheet and the statement of investments of Argus Corporation Limited as at May 31, 1974 and the statements of earned surplus, unrealized gain on investments, income and expenses and source and application of funds for the six months then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the Corporation as at May 31, 1974 and the results of its operations and the source and application of its funds for the six months then ended, in accordance with generally accepted accounting principles applied, after giving retroactive effect to the change to the market value basis of carrying investments in common shares as referred to in Note 1 to the financial statements, on a basis consistent with that of the preceding year.

PRICE WATERHOUSE & Co.

Chartered Accountants

Toronto, June 14, 1974

ARGUS CORPORATION LIMITED

STATEMENT OF EARNED SURPLUS FOR THE SIX MONTHS ENDED MAY 31, 1974

(with comparative figures for the six months ended May 31, 1973)

	1974	1973
Balance at beginning of period.....	\$47,504,925	\$36,565,152
Net income for the period.....	5,460,079	2,578,146
	<u>52,965,004</u>	<u>39,143,298</u>
Dividends:		
Class A Preference Shares \$2.50 Series.....	141,338	145,010
Class A Preference Shares \$2.60 Series.....	233,689	237,095
Class B Preference Shares 1962 Series.....	405,004	405,005
Class C Participating Preference Shares—Regular.....	2,031,249	1,015,628
—Extra.....	2,031,250	—
Common Shares—Regular.....	507,812	253,911
—Extra.....	507,813	—
	<u>5,858,155</u>	<u>2,056,649</u>
Balance at end of period.....	\$47,106,849	\$37,086,649

STATEMENT OF UNREALIZED GAIN ON INVESTMENTS FOR THE SIX MONTHS ENDED MAY 31, 1974

(with comparative figures for the six months ended May 31, 1973)

(Note 1)

	1974	1973
Balance at beginning of period.....	\$101,394,551	\$102,309,573
Increase (decrease) in unrealized gain on investments.....	(18,607,147)	8,637,562
Decrease (increase) in deferred income taxes.....	3,060,000	(3,628,000)
Balance at end of period.....	\$ 85,847,404	\$107,319,135

NOTES TO FINANCIAL STATEMENTS

1. The Corporation has adopted the policy of carrying its investments in common shares at market value instead of cost as in prior years. This policy has been adopted as it is now considered a more appropriate presentation of the financial position of the Corporation and to conform with common practice for investment holding companies. The unrealized gain on investments, less applicable deferred income taxes, has been reflected in the accompanying statements on a retroactive basis.
2. The indicated market values of portfolio holdings are the result of pricing the holdings in each security at the closing quoted market prices as at May 31. Such amounts do not necessarily represent the value of entire blocks which may be more or less than that indicated by market quotations.
3. The Class A and Class B preference shares have a par value of \$50 each and are issuable in series; the Class C preference shares and the common shares are without par value.

The issued Class A and Class B preference shares carry cumulative dividends and are redeemable at the option of the Corporation at \$52.50 per share and accrued dividends.

The Class C preference shares, subject to the prior rights of the Class A and Class B preference shares, participate equally with the common shares in (i) any dividends paid in any fiscal year after 30¢ per share has been paid on each Class C preference share and common share and (ii) any distribution of assets.
4. During the six months ended May 31, 1974, 1,015 Class A preference shares \$2.50 series and 1,434 Class A preference shares \$2.60 series were purchased and cancelled.

A R G U S C O R P O R A T I O N L I M I T E D

STATEMENT OF INCOME AND EXPENSES FOR THE SIX MONTHS ENDED MAY 31, 1974

(with comparative figures for the six months ended May 31, 1973)

	1974	1973
Income:		
Dividends received.....	\$ 5,392,495	\$ 2,957,495
Interest earned.....	561,796	39,139
	<u>5,954,291</u>	<u>2,996,634</u>
Expenses:		
Salaries of officers and employees.....	52,500	52,000
Directors' fees.....	4,335	4,500
Transfer agents' and registrars' fees and expenses.....	27,061	25,870
General office and administrative expenses.....	80,916	61,118
Interest on secured notes.....	275,000	275,000
	<u>439,812</u>	<u>418,488</u>
Income before income taxes.....	5,514,479	2,578,146
Income taxes.....	54,400	—
Net income for the period.....	<u>\$ 5,460,079</u>	<u>\$ 2,578,146</u>
Earnings per Class C preference and common share.....	<u>55.3¢</u>	<u>21.2¢</u>

STATEMENT OF SOURCE AND APPLICATION OF FUNDS FOR THE SIX MONTHS ENDED MAY 31, 1974

(with comparative figures for the six months ended May 31, 1973)

	1974	1973
Cash in banks and short-term securities at beginning of period.....	\$13,508,847	\$ 1,723,891
Source of funds:		
Net income for the period.....	5,460,079	2,578,146
	<u>\$18,968,926</u>	<u>\$ 4,302,037</u>
Application of funds:		
Dividends paid.....	\$ 5,223,395	\$ 2,056,649
Purchase for cancellation of Class A preference shares.....	78,336	107,552
Purchase of investment.....	175,000	—
Decrease in income and capital taxes payable.....	775,544	—
Other.....	12,334	20,604
	<u>6,264,609</u>	<u>2,184,805</u>
Cash in banks and short-term securities at end of period.....	12,704,317	2,117,232
	<u>\$18,968,926</u>	<u>\$ 4,302,037</u>

ARGUS CORPORATION LIMITED

BOARD OF DIRECTORS

DAVID G. BAIRD	New York City	THOMAS G. MCCORMACK	Toronto
*ALEX E. BARRON	Toronto	*JOHN A. MCDUGALD	Toronto
*GEORGE M. BLACK, JR.	Toronto	D. A. MCINTOSH, Q.C.	Toronto
H. J. CARMICHAEL	Toronto	ALLEN A. McMARTIN	Bermuda
DIXON S. CHANT	Toronto	*MAXWELL C. G. MEIGHEN	Toronto
W. C. THORNTON CRAN.	Toronto	J. N. SWINDEN	Toronto
*A. L. FAIRLEY, JR.	Birmingham, Alabama	*E. P. TAYLOR.	Bahama Islands
*A. BRUCE MATTHEWS	Toronto	A. A. THORNBROUGH	Boca Raton, Florida

*Members of the Executive Committee

OFFICERS

<i>Chairman of the Board and President</i>	JOHN A. MCDUGALD
<i>Executive Vice-President</i>	A. BRUCE MATTHEWS
<i>Vice-President and Chairman of the Executive Committee</i>	MAXWELL C. G. MEIGHEN
<i>Vice-President</i>	GEORGE M. BLACK, JR.
<i>General Manager</i>	J. N. SWINDEN
<i>Secretary</i>	H. H. EDMISON
<i>Treasurer</i>	J. R. WRIGHT, C.A.

ARGUS CORPORATION LIMITED

10 TORONTO STREET, TORONTO, CANADA M5C 2B7

ANNUAL REPORT

December 19, 1974.

TO THE SHAREHOLDERS OF

ARGUS CORPORATION LIMITED

Your directors present the balance sheet as at November 30, 1974, the statement of income and expenses and the statement of source and application of funds for the year ended on that date. Also shown are comparative figures for the previous year.

In order to conform with current accounting practice and as initiated in the semi-annual report released last June, the balance sheet shows the Corporation's investments carried at market value. Also shown is a provision for the deferred income taxes that would be payable under the hypothetical assumption that the Corporation's investments were sold at the market prices which prevailed on November 30, 1974 and on November 30, 1973 for the comparative statement. In our opinion, such a provision is not a definitive figure. There also appears an account under Capital and Surplus entitled, "Unrealized gain on investments" estimated at \$63,767,161 at November 30, 1974 and \$101,394,551 at November 30, 1973.

As at November 30, 1974, the indicated net asset value of each of the Corporation's Class C shares and common shares was \$16.43 per share, compared with \$20.86 per share as at November 30, 1973. It should be noted that in arriving at such asset values provision has been made for the deferred income taxes on unrealized capital gains referred to above.

Income from investments during the year amounted to \$12,648,847 compared to \$7,099,360 in the previous year. Expenses (including interest of \$550,000) were \$886,655 compared to \$848,541 (including interest of \$550,000) for the previous year. Net income amounted to \$11,696,192 which compared with \$6,250,819 for the year ended November 30, 1973. The increase in net income in 1974 was largely the result of increased dividend payments by Domtar Limited and Massey-Ferguson Limited and higher interest receipts on short-term investments. Earned surplus amounted to \$47,488,320 at November 30, 1974.

After providing for dividends on the Corporation's Class A and Class B preference shares, earnings on the Class C and common shares amounted to \$1.20 per share, compared to 55¢ per share in the previous year. Dividends totalling \$1.12½ per share (including two extra dividends of 30¢ each) were paid on the Class C and the common shares during the year.

Your Board of Directors, at their meeting on December 9, 1974, declared the regular quarterly dividends of 15¢ per share, also extra dividends of 15¢ per share on the Corporation's Class C and common shares, all payable March 3, 1975.

During the year 17,000 shares of Hollinger Mines Limited were purchased, increasing the Corporation's holdings to 1,042,000 Class A common shares.

Since November 30, 1973, 2,660 Class A Preference Shares \$2.50 Series and 2,634 Class A Preference Shares \$2.60 Series were purchased and cancelled.

Domtar Limited recently increased the annual dividend rate on its common shares from \$1.40 to \$1.60 per share and British Columbia Forest Products Limited increased its annual dividend rate from 80¢ to \$1.00 per common share.

It is with deep sorrow that your directors report the death during the year of Mr. T. N. Beaupré, who had been a member of your Corporation's Board of Directors for many years and was also Chairman and President of Domtar Limited. Mr. Beaupré's long and devoted service to your Corporation and its affiliated companies will be greatly missed.

Mr. Dixon S. Chant, Chairman of the Board and President, Duplate Canada Limited, was elected a director of the Corporation to fill the vacancy on the Board.

Shareholders, on request, will receive copies of the annual reports of the companies which comprise the Corporation's major investments.

The Annual and General Meeting of the Corporation will be held on March 5, 1975, in the Board Room, National Trust Company, Limited, Toronto, Canada, at 10:00 o'clock in the forenoon. A formal notice of meeting, together with form of proxy and information circular will be mailed to each common shareholder in January, 1975.

Submitted on behalf of the Board,

JOHN A. McDOUGALD,
Chairman and President.

A. BRUCE MATTHEWS,
Executive Vice-President.

ARGUS CORPORATION LIMITED

BALANCE SHEET—NOVEMBER 30, 1974

(with comparative figures at November 30, 1973)

	ASSETS	1974	1973
INVESTMENTS IN COMMON SHARES:			
Securities at quoted market value (Notes 1 and 2)		\$172,199,497	\$217,588,816
Cost—			
November 30, 1974—\$102,751,022			
November 30, 1973—\$102,269,617			
CASH IN BANKS		83,076	79,156
SHORT-TERM SECURITIES, at cost plus accrued interest		12,559,370	13,429,691
INCOME AND CAPITAL TAXES RECOVERABLE		29,202	—
CASH SURRENDER VALUE OF LIFE INSURANCE POLICIES		483,300	471,000
OTHER ASSETS		136,696	140,813
HEAD OFFICE PREMISES—land, building and furnishings, at nominal value		1	1
		<u>\$185,491,142</u>	<u>\$231,709,477</u>

LIABILITIES

DIVIDENDS PAYABLE.....	\$ 1,269,531	\$ 634,770
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES.....	71,931	68,389
INCOME AND CAPITAL TAXES PAYABLE.....	—	811,254
5½% SECURED NOTES SERIES C, due November 1, 1975.....	10,000,000	10,000,000
DEFERRED INCOME TAXES (Note 1).....	5,681,314	13,924,648

CAPITAL AND SURPLUS:

Capital stock (Notes 3 and 4) —

Number of shares				
Authorized	Issued			
288,935		Class A Preference—		
	111,083	\$2.50 Series, cumulative.....	5,554,150	5,687,150
	177,852	\$2.60 Series, cumulative.....	8,892,600	9,024,300
1,000,000		Class B Preference—		
	300,000	Cumulative, 1962 Series, \$2.70 dividend.....	15,000,000	15,000,000
6,770,944	6,770,944	Class C Participating Non-Voting Preference.....	21,644,825	21,644,825
10,000,000	1,692,736	Common.....	5,411,206	5,411,206
			56,502,781	56,767,481
Contributed surplus, realized on purchase for cancellation of Preference Shares (including \$106,645 arising during the year ended November 30, 1974).....			710,104	603,459
Earnings surplus.....			47,488,320	47,504,925
Unrealized gain on investments (Note 1).....			63,767,161	101,394,551
			168,468,366	206,270,416
			\$185,491,142	\$231,709,477

APPROVED ON BEHALF OF THE BOARD:

JOHN A. McDOUGALD, Director

A. BRUCE MATTHEWS, Director

A R G U S C O R P O R A T I O N L I M I T E D

STATEMENT OF INVESTMENTS AS AT NOVEMBER 30, 1974 (with comparative figures as at November 30, 1973)

Company	Class of shares	1974			1973	
		Number of shares	Percentage of outstanding shares	Indicated market value (Note 2)	Number of shares	Indicated market value (Note 2)
British Columbia Forest Products Limited.....	Common	500,000	6.6	\$ 6,000,000	500,000	\$ 9,625,000
Dominion Stores Limited....	Common	2,000,000	23.6	29,500,000	2,000,000	25,750,000
Domtar Limited.....	Common	2,500,000	16.9	55,000,000	2,500,000	55,000,000
Hollinger Mines Limited....	Class A Common	1,042,000	21.2	23,445,000	1,025,000	45,100,000
Massey-Ferguson Limited...	Common	2,850,000	15.6	37,762,500	2,850,000	55,575,000
Standard Broadcasting Corporation Limited.....	Common	2,687,475	47.7	20,491,997	2,687,475	26,538,816
				<u>\$172,199,497</u>		<u>\$217,588,816</u>

AUDITORS' REPORT

To the Shareholders of

ARGUS CORPORATION LIMITED:

We have examined the balance sheet and the statement of investments of Argus Corporation Limited as at November 30, 1974 and the statements of earned surplus, unrealized gain on investments, income and expenses and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the Corporation as at November 30, 1974 and the results of its operations and the source and application of its funds for the year then ended, in accordance with generally accepted accounting principles applied, after giving retroactive effect to the change to the market value basis of carrying investments in common shares as referred to in Note 1 to the financial statements, on a basis consistent with that of the preceding year.

PRICE WATERHOUSE & Co.

Toronto, December 9, 1974

Chartered Accountants

A R G U S C O R P O R A T I O N L I M I T E D

STATEMENT OF EARNED SURPLUS FOR THE YEAR ENDED NOVEMBER 30, 1974

(with comparative figures for the year ended November 30, 1973)

	1974	1973
Balance at beginning of year.....	\$47,504,925	\$36,565,152
Net income for the year.....	11,696,192	6,250,819
Gain on sale of investments, less income taxes of \$790,000.....	—	8,798,674
	<u>59,201,117</u>	<u>51,614,645</u>
Dividends:		
Class A Preference Shares \$2.50 Series.....	280,915	287,970
Class A Preference Shares \$2.60 Series.....	465,625	472,664
Class B Preference Shares 1962 Series.....	810,009	810,009
Class C Participating Preference Shares — Regular.....	4,062,499	2,031,256
— Extra.....	4,062,499	—
Common Shares — Regular.....	1,015,625	507,821
— Extra.....	1,015,625	—
	<u>11,712,797</u>	<u>4,109,720</u>
Balance at end of year.....	<u>\$47,488,320</u>	<u>\$47,504,925</u>

STATEMENT OF UNREALIZED GAIN ON INVESTMENTS FOR THE YEAR ENDED NOVEMBER 30, 1974

(with comparative figures for the year ended November 30, 1973)

(Note 1)

	1974	1973
Balance at beginning of year.....	\$101,394,551	\$102,309,573
Increase (decrease) in unrealized gain on investments.....	(45,870,724)	3,837,978
Decrease (increase) in deferred income taxes.....	8,243,334	(4,753,000)
Balance at end of year.....	<u>\$ 63,767,161</u>	<u>\$101,394,551</u>

NOTES TO FINANCIAL STATEMENTS

1. The Corporation has adopted the policy of carrying its investments in common shares at market value instead of cost as in prior years. This policy has been adopted as it is now considered a more appropriate presentation of the financial position of the Corporation and to conform with common practice for investment holding companies. The unrealized gain on investments, less applicable deferred income taxes, has been reflected in the accompanying statements on a retroactive basis.
2. The indicated market values of portfolio holdings are the result of pricing the holdings in each security at the closing quoted market prices as at November 30. Such amounts do not necessarily represent the value of entire blocks which may be more or less than that indicated by market quotations.
3. The Class A and Class B preference shares have a par value of \$50 each and are issuable in series; the Class C preference shares and the common shares are without par value.

The issued Class A and Class B preference shares carry cumulative dividends and are redeemable at the option of the Corporation at \$52.50 per share and accrued dividends.

The Class C preference shares, subject to the prior rights of the Class A and Class B preference shares, participate equally with the common shares in (i) any dividends paid in any fiscal year after 30¢ per share has been paid on each Class C preference share and common share and (ii) any distribution of assets.
4. During the year ended November 30, 1974, 2,660 Class A preference shares \$2.50 series and 2,634 Class A preference shares \$2.60 series were purchased and cancelled.

A R G U S C O R P O R A T I O N L I M I T E D

STATEMENT OF INCOME AND EXPENSES FOR THE YEAR ENDED NOVEMBER 30, 1974

(with comparative figures for the year ended November 30, 1973)

	1974	1973
Income:		
Dividends received.....	\$11,553,164	\$ 6,879,990
Interest earned.....	1,095,683	219,370
	<u>12,648,847</u>	<u>7,099,360</u>
Expenses:		
Salaries of officers and employees.....	105,000	103,667
Directors' fees.....	13,460	9,000
Transfer agents' and registrars' fees and expenses.....	50,160	49,326
General office and administrative expenses.....	168,035	136,548
Interest on secured notes.....	550,000	550,000
	<u>886,655</u>	<u>848,541</u>
Income before income taxes.....	11,762,192	6,250,819
Income taxes.....	66,000	—
Net income for the year.....	<u>\$11,696,192</u>	<u>\$ 6,250,819</u>
Earnings per Class C preference and common share.....	<u>\$1.20</u>	<u>\$0.55</u>

STATEMENT OF SOURCE AND APPLICATION OF FUNDS FOR THE YEAR ENDED NOVEMBER 30, 1974

(with comparative figures for the year ended November 30, 1973)

	1974	1973
Cash in banks and short-term securities at beginning of year.....	\$13,508,847	\$ 1,723,891
Source of funds:		
Net income for the year.....	11,696,192	6,250,819
Proceeds from sale of investment, less income taxes.....	—	10,210,000
Increase in income and capital taxes payable.....	—	811,254
	<u>\$25,205,039</u>	<u>\$18,995,964</u>
Application of funds:		
Dividends paid.....	\$11,078,036	\$ 4,109,720
Purchase for cancellation of Class A preference shares.....	158,055	195,654
Purchase of investment.....	481,405	1,162,500
Decrease in income and capital taxes payable.....	840,456	—
Other.....	4,641	19,243
	<u>12,562,593</u>	<u>5,487,117</u>
Cash in banks and short-term securities at end of year.....	<u>12,642,446</u>	<u>13,508,847</u>
	<u>\$25,205,039</u>	<u>\$18,995,964</u>

ARGUS CORPORATION LIMITED

BOARD OF DIRECTORS

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